

HB4794



95TH GENERAL ASSEMBLY

State of Illinois

2007 and 2008

HB4794

by Rep. Timothy L. Schmitz

SYNOPSIS AS INTRODUCED:

50 ILCS 505/3

from Ch. 85, par. 5603

Amends the Local Government Prompt Payment Act. Provides that it is unlawful to withhold more than 5% retainage from payments earned by contractors and subcontractors for goods and services. Prohibits retainage if a payment bond has been furnished. Effective immediately.

LRB095 18063 HLH 44146 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Local Government Prompt Payment Act is
5 amended by changing Section 3 as follows:

6 (50 ILCS 505/3) (from Ch. 85, par. 5603)

7 Sec. 3. Approval of bills; retainage.

8 (a) The appropriate local governmental official or agency
9 receiving goods or services must approve or disapprove a bill
10 from a vendor or contractor for goods or services furnished the
11 local governmental agency within 30 days after the receipt of
12 such bill or within 30 days after the date on which the goods
13 or services were received, whichever is later. If one or more
14 items on a construction related bill or invoice are
15 disapproved, but not the entire bill or invoice, then the
16 portion that is not disapproved shall be paid. When safety or
17 quality assurance testing of goods by the local governmental
18 agency is necessary before the approval or disapproval of a
19 bill and such testing cannot be completed within 30 days after
20 receipt of the goods, approval or disapproval of the bill must
21 be made immediately upon completion of the testing or within 60
22 days after receipt of the goods, whichever occurs first.
23 Written notice shall be mailed to the vendor or contractor

1 immediately if a bill is disapproved.

2 (b) For goods or services furnished under this Act, it is
3 unlawful to withhold more than 5% retainage on payments earned
4 by contractors and subcontractors. No retainage may be withheld
5 on projects for which a payment bond has been furnished
6 pursuant to the Illinois Construction Bond Act.

7 (Source: P.A. 94-972, eff. 7-1-07.)

8 Section 99. Effective date. This Act takes effect upon
9 becoming law.